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DEB 10-83

DEB-10-83

26 January 1983

Defense Estimative Brief: Prospects for Norway (U)**Summary**

The Conservative Party government in Norway is facing an increasingly vocal Labor Party opposition while attempting to correct some basic economic ills, maintain a high standard of living, and uphold Norway's NATO commitments. Oslo is cognizant of an increasing Soviet threat but will remain only marginally capable of self-defense. Future defense efforts will attempt to ameliorate only the most pronounced weaknesses.

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1. Political Prospects. The minority Conservative government of Prime Minister Kaare Willoch is facing an opposition Labor Party that is becoming increasingly vocal in its questioning of policies, including the hitherto bipartisan areas of security and defense. Despite the transition from Socialist to Conservative-led government, Norway is unlikely to make major changes in its domestic welfare programs. The most significant governmental reorientation is to be found in increasing reliance on and support of private enterprise for the exploitation of the nation's abundant energy reserves. The current government will probably serve out its full term despite deepening cleavages in Parliament with the Labor opposition.

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2. Economic Outlook. The sluggish state of the economy will remain of major concern to Norwegians. North Sea oil revenues continue to permit an unprecedented degree of affluence, but they will also exacerbate some fundamental economic problems. High labor costs and lack of responsiveness to changing patterns in demand hinder traditional Norwegian export industries while the high standard of living increases the domestic market for expensive imports. Therefore, the Norwegians will approach future exploitation of their energy resources with circumspection. In this regard, Oslo will be especially sensitive to avoid ecological dangers and overdependence of the economy as a whole on the energy sector.

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3. **Trends in Foreign Policy.** The continuity of Norwegian foreign policy will be essentially maintained, but Oslo will continue to find more common ground with the United States under Prime Minister Willoch than under the previous Labor government. Norway will stress Nordic solidarity and the necessity for arms control and detente. Willoch is unlikely to undertake any unilateral initiatives which would jeopardize the US-Soviet negotiations on Intermediate-Range Nuclear Forces (INF). Norway will maintain its policy of cautious detente with the Soviet Union, while relying on NATO for deterrence of Soviet ambitions. Oslo will seek to enhance its international image through constructive participation in the United Nations and its agencies. Norway is not likely to seek membership in the European Economic Community, although Oslo will try to pursue closer economic cooperation with several of its European neighbors, especially West Germany.

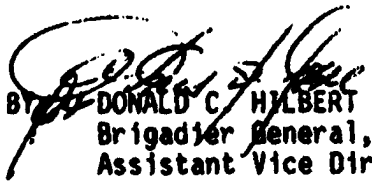
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4. **Outlook for Security and Defense.** NATO membership will remain the keystone of Norwegian security policy and will represent a counter to Soviet military capabilities in the vicinity of northern Norway and in the Norwegian Sea.

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